

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (together with the schedules, appendices, attachments and exhibits, if any, this "**MOU**") is made and entered into as of May __, 2006 (the "**Effective Date**"), between (i) Nassau County, a municipal corporation having its principal office at One West Street, Mineola, New York 11501 (the "**County**") and (ii) Lighthouse Development Group, LLC, having its principal office at 1600 Old Country Road, Plainview, New York 11803 (the "**Developer**").

W I T N E S S E T H

WHEREAS, the County Executive's vision for New Suburbia includes the redevelopment of the Nassau Veterans Memorial Coliseum and the surrounding site more particularly described on Schedule A hereto (the "**Coliseum Site**") into an attractive, vibrant, multiple use destination center that includes the renovation of the Coliseum building into a state-of-the-art, world-class sports and entertainment facility and maximizes the economic, recreational, and lifestyle benefits for the residents of Nassau County;

WHEREAS, in connection with the potential redevelopment of the Coliseum Site, the County commenced a procurement process by issuing the County's August 12, 2005 RFP No. CE0812-0557 entitled "Request for Proposals for the Redevelopment of Nassau Veterans Memorial Coliseum Site".

WHEREAS, conceptual proposals for the redevelopment of the Coliseum Site were submitted by various development teams;

WHEREAS, on November 10, 2005, the committee formed to evaluate proposals for the redevelopment of the Coliseum Site (the "**Committee**") convened a public meeting at which the development teams presented their conceptual proposals to the County Executive, the Committee, its consultants and legal advisors, members of the Nassau County Legislature, the media and the general public;

WHEREAS, on November 23, 2005, the County issued its Invitation to Submit Best and Final Offers to the development teams (the "**Invitation**"), and all development teams submitted Best and Final Offers (the "**BAFOs**") by the December 23, 2005 deadline;

WHEREAS, on February 16, 2006 the Committee recommended, and the County Executive approved, that the County proceed to negotiate with two development teams, the Developer and the Coliseum Redevelopment Corporation ("**CRC**"), in an effort to determine whether a specific agreement could be reached that would provide the County the opportunity to achieve the County's goals for redevelopment of the Coliseum

Site, with particular emphasis on the sports, transportation, housing and revenue objectives;

WHEREAS, during the period between March 3, 2006 and March 15, 2006, the County was engaged in intensive discussions and negotiations with the Developer and CRC during which the strengths and weaknesses of each of the proposals were discussed, oral and written presentations by the Developer and CRC were given, and revised BAFOs were submitted;

WHEREAS, on March 15, 2006 the Committee recommended, and the County Executive approved, that the County select the Developer as the final development team with whom to negotiate a memorandum of agreement to be submitted to the County Legislature for approval;

WHEREAS, since March 15, 2006, the County and the Developer have had further discussions and negotiations which have culminated in the final revised BAFO attached hereto as Schedule B (the “**Final Revised BAFO**”);

WHEREAS, the Final Revised BAFO is the basis upon which the County is prepared to designate the Developer as the County’s exclusive development partner in its pursuit of the potential redevelopment of the Coliseum Site; and

WHEREAS, the parties desire to set forth certain parameters for future discussions and negotiations with respect to the Project.

NOW, THEREFORE in consideration of the premises and mutual covenants contained in this MOU, the parties agree as follows:

1. SELECTION OF DEVELOPER; TERM

A. The County hereby designates the Developer as the County’s exclusive development partner to pursue the potential redevelopment of the Coliseum Site (the “**Project**”), subject to the provisions of this MOU.

B. This MOU shall commence on the Effective Date and shall terminate in accordance with the provisions hereof.

2. PROJECT DOCUMENTS; SITE ACCESS

A. The formulation of definite and specific plans for the design, development, construction and operation of the Coliseum Site shall be governed by such agreements between the County and the Developer and/or its affiliates as are necessary to effectuate the Project (all such agreements, collectively, the “**Project Documents**”). The Developer and the County shall endeavor to negotiate and finalize the Project Documents within three (3) months from the date hereof, as such period may be extended from time to time by mutual agreement of the County and the Developer, provided that, in no event

shall such period be extended beyond the date which is twenty four (24) months from the date hereof (as so extended, the "**Document Negotiation Period**"). In the event that the Developer and the County do not finalize the Project Documents within the Document Negotiation Period, either the Developer or the County may terminate this MOU but in no event shall either the Developer or the County have any claim for reimbursement from the other for any sums expended by such party in furtherance of the Project, including, without limitation, any legal, architectural or other consulting fees, except as provided in Paragraph 4 hereof. In the event that the Developer and County shall finalize the Project Documents within the Document Negotiation Period, the County shall seek such approvals as are necessary prior to execution and delivery of the Project Documents in accordance with the terms of Paragraph 3 hereof.

B. It is contemplated by the parties hereto that, subject to any requisite approvals, including, without limitation, the rights of any existing tenants and subject further to compliance by the Developer with customary conditions and requirements prescribed by the County, the Developer shall be granted access to the Coliseum Site for the purpose of conducting such reasonable and customary inspections, studies, tests and reviews as are necessary to assess the structural and environmental condition of the Coliseum Site and to develop definite and specific plans for the redevelopment of the Coliseum Site.

3. APPROVALS

The Developer acknowledges that the ability of the County to execute and deliver the Project Documents is conditioned upon receipt of certain approvals which may be applicable to the County or the Developer or required under applicable law, including, without limitation, the approval of the Nassau County Legislature and any committees thereto, as applicable (the "**Legislature**"), and compliance with the New York State Environmental Quality Review Act. The parties hereto shall mutually agree upon a procedure to be employed in connection with obtaining all necessary approvals for the Project. In the event that (a) any of the Project Documents are rejected by any of the parties from whom the County or the Developer must receive approvals before the Project Documents are delivered, or (b) the County or the Developer has failed to obtain all of the approvals necessary to execute and deliver the Project Documents by the date that is forty-eight (48) months from the end of the Document Negotiation Period (such date, the "**Outside Date**"), then, unless the parties hereto shall mutually agree to extend the Outside Date, this MOU shall automatically terminate and be of no force and effect, provided that, in no event shall either the County or the Developer have any claim for reimbursement from the other for any sums expended by such party in furtherance of the Project, including, without limitation, any legal, architectural or other consulting fees, except as provided in Paragraph 4 hereof.

4. PAYMENT OF LEGAL AND THIRD-PARTY CONSULTANT FEES BY DEVELOPER; OPTION PAYMENTS

A. Whether the transaction described herein shall be consummated or not (and even if this MOU is terminated pursuant to Paragraphs 2, 3 or 5 hereof), the Developer shall pay or reimburse the County, within thirty (30) days of demand from time to time, for 100% of the legal fees, including, without limitation, the legal fees of Shearman & Sterling LLP, and reasonable third-party consultant fees incurred by the County in connection with the Project (the legal and consultant fees together, the “**Fees**”) incurred from and after the date on which this MOU is approved by the Legislature, up to a maximum of \$300,000.00, provided, however, that such amount may be increased by mutual written agreement of the County and the Developer (together, the “**Parties**”). The principals of the Developer, Charles B. Wang and Reckson Operating Partnership, L.P., have guaranteed the performance of this obligation pursuant to a separate agreement.

B. The Developer shall pay the County an annual non-refundable fee in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the “**Option Payments**”). Commencement of the payment by Lighthouse of the Option Payments shall be agreed upon by the parties in conjunction with the determination by the parties of the process to be employed in connection with obtaining the necessary County approvals for the Project. The Option Payments will be applied against Rent due on and after the Rent Commencement Date. In the event that Lighthouse does not obtain all requisite approvals for the Project and the MOU is terminated, the Option Payments will be forfeited by Lighthouse unless the only approval not obtained is a requisite County approval.

5. TERMINATION; CONDITION PRECEDENT

A. The County may at its option terminate this MOU at any time, if (a) the Developer or any Person owning a greater than ten percent (10%) interest in, or exercising control over, the Developer (any Person, a “**Constituent Party**”) (i) is discovered to have (x) a final and non-appealable conviction of any felony or other crime involving moral turpitude in any jurisdiction, (y) been suspended, barred or otherwise disqualified from bidding or submitting proposal on contracts by any governmental agency or (z) had a material contract terminated in accordance with its terms or applicable law by any governmental agency for breach of such contract or for any cause directly or indirectly related to an indictment or conviction or (ii) is otherwise determined to be a Prohibited Person (as defined in Schedule C hereto) (any entity encompassed by clause (i) or (ii) hereof, a “**Disqualified Party**”), (b) any of the information relating to the Project or to the Developer provided to the County by, or on behalf of, or at the direction of, the Developer is determined by the County to have been materially inaccurate or misleading and not provided to the County in good faith, or (c) the Developer is in default of a material obligation under this MOU. The Developer hereby affirms to the best of its knowledge the truth and accuracy of all information relating to the Project or to the Developer provided by it or on its behalf or at its direction to the County, and represents that it is not a Prohibited Person. In furtherance of the foregoing, the Developer shall reasonably cooperate with the County in any background investigation conducted by the County of the Developer or any of its Constituent Parties. The

Developer shall promptly notify the County (and deliver copies of any relevant written communication or material) if it becomes aware of any circumstance which could result in a termination of this MOU by the County in accordance with the first sentence of this Paragraph 5.

B. The designation of the Developer hereunder and the County's obligation to go forward with the Project are expressly conditioned upon the construction and operation, by the Developer or a third party, of a minor league baseball ball park (the "**Ball Park**") at the Mitchel Field Athletic Complex or at such other location as is reasonably acceptable to the County, together with appropriate parking to be located immediately adjacent thereto. The Ball Park shall be used by a minor league or an independent league baseball team. The Developer acknowledges that, in the event that a Ball Park is to be constructed at Mitchel Field Athletic Complex or other location owned by the County, the construction of the Ball Park shall be the subject of a separate RFP process. The Developer hereby commits to submit in good faith a proposal in response to any such RFP process, it being acknowledged that the County shall not be obligated to select the Developer as the developer of the Ball Park. If another party is selected as the developer of the Ballpark and the requisite approvals are obtained, the construction of the Ballpark shall cease to be a condition to the Project. The Developer shall grant use of the Omni building parking, or such other parking areas owned or controlled by Developer or its affiliates, to users of the Ball Park; provided that such use does not materially and adversely affect the operation or value of adjacent buildings as currently used. Developer shall be permitted to charge commercially reasonable fees for the use of such parking areas.

6. DISCLAIMER; SURVIVAL

A. The Developer and the County agree that, except for the obligations and liabilities expressly set forth herein, this MOU does not create or give rise to any legally enforceable rights or legally enforceable obligations or liabilities of any kind on the part of any party hereto.

B. The terms of paragraphs 4, 6, 7, 8, 10, 11 and 12 shall survive the expiration or earlier termination of this MOU.

7. BROKERAGE

Each of the parties hereto represents and warrants to the other that it has not dealt with any broker, finder or other party entitled to a broker's or finder's fee, or other commissions or compensation, arising out of or in connection with the execution of this MOU, the Project Documents or any transactions relating thereto. The Developer agrees to defend, indemnify and hold the County harmless from (1) claims of brokers, finders or other parties, for broker's or finder's fees, or other commissions or compensation, arising out of or in connection with the dealings or agreements of the Developer in connection with the execution of this MOU, the Project Documents or any transactions relating thereto, and (2) any and all costs and expenses, including, without limitation, reasonable

attorney's fees, incurred by the County in connection with the defense of any such claims and the enforcement of the foregoing indemnities. The County shall provide the Developer with reasonably prompt notice of such claim within a reasonable time after the County first becomes aware of the existence thereof. No settlement of any such claim shall be entered into unless the County would have no liability as a consequence of such settlement and the settlement is reasonably acceptable to the County.

8. INDEPENDENT CONTRACTOR

The Developer is an independent contractor of the County. The Developer shall not, nor shall any officer, director, employee, servant, agent (a "**Developer Agent**"), be (i) deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself, or herself out as a County employee or person with the authority to commit the County to any obligation. As used in this MOU the word "**Person**" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, officers and departments thereof).

9. COMPLIANCE WITH LAW; DISCLOSURE OF INFORMATION

A. The Developer shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, and disclosure of information, in connection with its performance under this MOU. As used in this MOU the word "**Law**" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.

B. The parties acknowledge and agree that all records, information, and data ("**Information**") acquired in connection with performance or administration of this MOU shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. The Developer acknowledges that the Developer Information in the County's possession may be subject to disclosure under Section 87 of the New York State Public Officer's Law. In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Developer of such request prior to disclosure of the Information so that the Developer may take such action as it deems appropriate.

C. The Developer agrees that in any discussions with third parties, neither the Developer nor its affiliates will represent or make any statement that the County have agreed to grant the Developer any rights or benefits in respect of the Project that are greater than those set forth in this MOU.

10. ASSIGNMENT; AMENDMENT; WAIVER; SUBCONTRACTING

This MOU and the rights and obligations hereunder may not be in whole or part (i) assigned, transferred or disposed of, (ii) amended, (iii) waived, or (iv) subcontracted, without the prior written consent of the County Executive or his or her duly designated deputy (the "**County Executive**"), and any purported assignment, other disposal or modification without such prior written consent shall be null and void. The failure of a party to assert any of its rights under this MOU, including the right to demand strict performance, shall not constitute a waiver of such rights.

11. LIMITATIONS ON ACTIONS AND SPECIAL PROCEEDINGS AGAINST THE COUNTY

No action or special proceeding shall be prosecuted or maintained against the County upon any claims arising out of or in connection with this MOU unless:

A. At least thirty (30) days prior to seeking relief, the Developer shall have presented the demand or claim(s) upon which such action or special proceeding is based in writing to the applicable Deputy County Executive ("**DCE**") for adjustment and the County shall have neglected or refused to make an adjustment or payment on the demand or claim for thirty (30) days after presentment. The Developer shall send or deliver copies of the documents presented to the applicable DCE under this Section to the County Attorney (at the address specified above for the County) on the same day that documents are sent or delivered to the applicable DCE. The complaint or moving papers of the Developer shall allege that the above-described notices preceded the Developer action or special proceeding against the County.

B. Such action or special proceeding is commenced within the earlier of (i) one (1) year of the first to occur of (a) final payment under or the termination of this MOU, and (b) the accrual of the cause of action, and (ii) the time specified in any other provision of this MOU.

12. CONSENT TO JURISDICTION AND VENUE; GOVERNING LAW

Unless otherwise specified in this MOU or required by law, exclusive original jurisdiction for all claims or actions with respect to this MOU shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This MOU is intended as a contract under, and shall be governed and construed in accordance with the laws of New York State without regard to the conflict laws thereof.

13. NOTICES

Any notice, request, demand or other communication required to be given or made in connection with this MOU shall be (a) in writing, (b) delivered or sent (i) by

hand, evidenced by a signed, dated receipt, (ii) postage prepaid via certified mail, return receipt requested, or (iii) overnight delivery via a nationally recognized courier service, (c) deemed given or made on the date the delivery receipt was signed by a County employee, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable, and (d)(i) if to the County, to the attention of Helena E. Williams, Deputy County Executive at the address specified above for the County, with a copy to the County Attorney, 1 West Street, Mineola, New York 11501, and (ii) if to Developer, to the attention of the person who executed this MOU on behalf of the Developer at the address specified above for the Developer, or in each case to such other persons or addresses as shall be designated by written notice.

14. ALL LEGAL PROVISIONS DEEMED INCLUDED; SEVERABILITY;
SUPREMACY

A. Every provision required by law to be inserted into or referenced by this MOU is intended to be a part of this MOU. If any such provision is not inserted or referenced or is not inserted or referenced in correct form then (i) such provision shall be deemed inserted into or referenced by this MOU for purposes of interpretation and (ii) upon the application of either party this MOU shall be formally amended to comply strictly with the law, without prejudice to the rights of either party.

B. In the event that any provision of this MOU shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

C. Unless the application of this subsection will cause a provision required by law to be excluded from this MOU, in the event of an actual conflict between the terms and conditions set forth above the signature page to this MOU and those contained in any schedule, exhibit, appendix, or attachment to this MOU, the terms and conditions set forth above the signature page shall control. To the extent possible, all the terms of this MOU should be read together as not conflicting.

15. SECTION AND OTHER HEADINGS

The section and other headings contained in this MOU are for reference purposes only and shall not affect the meaning or interpretation of this MOU.

16. ENTIRE AGREEMENT

This MOU represents the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements (whether written or oral) of the parties relating to the subject matter of this MOU.

17. COUNTERPARTS

This MOU may be executed in counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to be one and the same document.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Developer and the County have executed this MOU as of the Effective Date.

LIGHTHOUSE DEVELOPMENT GROUP, LLC

By: _____
Name: Charles B. Wang
Title: _____
Date: _____

By: Reckson Operating Partnership, L.P.

By: _____
Name: Scott Rechler
Title: _____
Date: _____

NASSAU COUNTY

By: _____
Name: _____
Title: _____
Date: _____

STATE OF NEW YORK)
COUNTY OF NASSAU)ss.:
)

On the ____ day of _____ in the year 2006 before me personally came _____ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of _____; that he or she is the _____ of _____, the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF NASSAU)ss.:
)

On the ____ day of _____ in the year 2006 before me personally came _____ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of _____; that he or she is the _____ of _____, the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

NOTARY PUBLIC

STATE OF NEW YORK)
COUNTY OF NASSAU)ss.:
)

On the ____ day of _____ in the year 2006 before me personally came _____ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of _____; that he or she is the _____ of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

NOTARY PUBLIC

Schedule A

Legal Description

Section: 44

Block: F

Lots: 403 and 351

Schedule B

Final Revised BAFO

Schedule C

Prohibited Persons Definition

"Prohibited Person" means:

(a) any Person: (i) that is in default after notice and beyond any applicable cure period of its obligations under any material written agreement with any federal, state or local governmental entity; or (ii) that directly or indirectly controls, is controlled by, or is under common control or ownership with a Person set forth in (i) above; unless, in either (i) or (ii), such default: (A) has been waived in writing by the federal, state or local governmental entity involved; (B) is being disputed in a court of law, administrative proceeding, arbitration or other forum; or (C) is cured within thirty (30) days after a determination and notice to the Developer from the County that such Person is a Prohibited Person as a result of such default.

(b) any Person that: (i) is an Organized Crime Figure (as defined below); (ii) has been convicted of a felony or other crime involving moral turpitude in any jurisdiction; (iii) has been suspended, barred or otherwise disqualified from bidding or submitting a proposal on contracts by any governmental agency; or (iv) had a contract terminated by any governmental agency for any cause directly or indirectly related to an indictment or conviction.

(c) any government, or any Person that is directly or indirectly controlled (rather than only regulated) by a government, that is finally determined to be in violation of (including, but not limited to, any participant in an international boycott in violation of) the Export Administration Act of 1979, as amended, or any successor statute, or the regulations issued pursuant thereto, or any government or Person (as hereinafter defined) that, directly or indirectly, is controlled (rather than only regulated) by a government that is subject to the regulations or controls thereof.

(d) any government, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government, the effects or the activities of which are regulated or controlled pursuant to regulations of the United States Treasury Department or executive orders of the President of the United States of America issued pursuant to the Trading with the Enemy Act of 1917, as amended.

(e) any Person that is in default in the payment of any tax due to federal, state or local governmental authorities, unless such default is then being contested in good faith in accordance with the law, or unless such default is cured within thirty (30) days after a determination and notice to the Developer from the County that such Person is a Prohibited Person as a result of such default.

(f) any Person: (i) that has solely owned, at any time during the immediately preceding three (3) year period, any property which, while in the ownership of such Person, was acquired in foreclosure by any federal, state or local governmental authority; or (ii) that directly or indirectly controls, is controlled by, or is under common control or ownership with a Person set forth in (i) above.

"Organized Crime Figure" means any Person (A) who has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure or has had a contract terminated by any governmental agency for breach of contract or for any cause directly or indirectly related to an indictment or conviction, or (B) who directly or indirectly controls, is controlled by, or is under common control with, a Person who has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure. The determination as to whether any Person is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure shall be within the sole discretion of Landlord, which discretion shall be exercised in good faith; provided, however, that such Person shall not be deemed a Prohibited Person if the Landlord, having actual knowledge that such Person meets the criteria set forth in clause (A) or (B) above of this definition, entered into a contract and is then doing business with such Person.